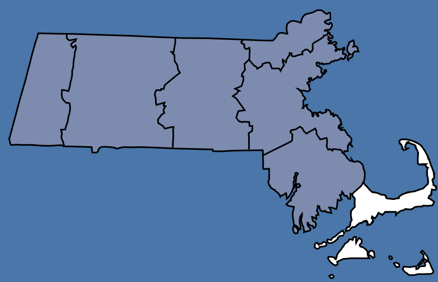
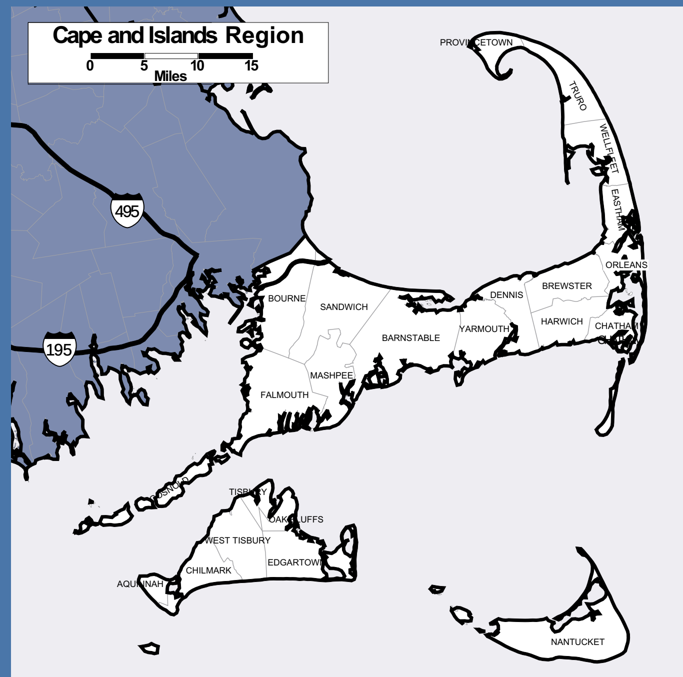
chapter 8

cape and islands region





The Cape and Islands Region extends south and east into the Atlantic Ocean from the southeastern-most point of the Commonwealth. The landscape and economy of the long hooked Cape and its companion islands have always been dominated by the sea. Fishing, whaling, water borne trade, and a bit of agriculture were once the foundation of this region's economy. Today, it's the recreational, aesthetic, and naturalistic appeal of the sea – and the unique access the Cape and Islands provides to millions of tourists, retirees and part-time and full-year residents who earn their income elsewhere – that drives its rapid growth.

The Cape Cod and Islands Region consists of 23 towns in Barnstable(Cape Cod), Dukes(Martha's Vineyard), and Nantucket Counties. It occupies 551 square miles and has a population of 246,737. Barnstable County accounts for approximately 90 percent of the total population, employment, personal income, and 72 percent of its landmass. The islands of Martha's Vineyard and Nantucket lie in Nantucket Sound to the south, at roughly seven miles and thirty miles offshore, respectively.

The Cape and Islands Region is accessible by road via the Sagamore (Route 3) and Bourne (Route 25) bridges. Routes 3, I-495, and I-195 all converge near the upper Cape and provide quick access to destinations west and north. Auto and passenger ferry service to Martha's Vineyard and Nantucket is offered from Falmouth and Hyannis on the Cape. Passenger ferry service between Boston and Provincetown operates during the summer months, and between Martha's Vineyard and New Bedford from May through September. The Region is also served by air and bus transportation.

Economic Overview

Since 1990, the Cape Cod and Islands has been the fastest-growing region in Massachusetts, as measured by the growth of its population, workforce, and total employment. More than half of its economic base depends on tourism, retirees, second-home owners, and Cape and Islands residents working in other parts of the State.[1] An estimated six million tourists visit Cape Cod each year, with nearly two-thirds of all visitors arriving in the summer and early fall. The Region's economy is also highly volatile because it depends on factors such as the weather and economic conditions in regions that supply its tourist trade.

Cape Cod has made more significant strides than the Islands in diversifying its economy, though tourism continues to be the economic engine for Barnstable County. Diversification on Martha's Vineyard and Nantucket is more problematic because of their isolation from the Cape and other areas of the State. It is likely that tourists, seasonal residents, and retirees will continue to be the primary economic supports for all three counties.

Employment

The number of residents employed increased from 99,744 to 113,552 during the economic expansion between 1993 and 1999, an increase of 13.8 percent[2] (see figure 8-1).

The number of jobs in the Region grew faster, rising 24.5 percent – nearly twice the statewide pace – from 78,792 in 1993 to 98,098 in 1999. Employment increased most sharply on the tourism-focused Islands of Martha's Vineyard (38.2 percent) and Nantucket (36.4 percent) than on the more diversified Cape (22.8 percent).

Unemployment has been higher in the Region than in the State throughout this business cycle. However, the gap declined steadily during the 1990s and jobless rates are now falling into line with statewide trends. The average regional rate in May 2001 was 3.9 percent, compared to the statewide average of 3.4 percent (see figure 8-2). Unemployment remains highly seasonal, based on the resort industry's employment needs. For example, the rate was 2.1 percent in July of 2000, below the Commonwealth's 2.8 percent, and 6.9 percent in January 2001, more than twice the statewide average of 3.1 percent.

Income

Average annual real wages[4] in the Region were $29,631 in 1999, 37 percent below the statewide average of $40,355 (see figure 8-3). The resort industry has a significant impact on annual wage levels, with earnings below statewide averages due to seasonal unemployment and the large number of jobs in low-wage service occupations. While average annual wages in tourism-oriented Martha's Vineyard were below the regional average, at $27,072, they were higher on Nantucket, at $32,130.

Wage data alone convey an overly pessimistic picture of residents' economic situation. Much of the seasonal volatility and low-wage jobs are filled by students and temporary foreign workers, who migrate to the Cape and Islands during the resort season, specifically for temporary employment. Many seasonal jobs are also held by moonlighters, homemakers, and retirees, who supplement family income by working only during the resort season.

For year-round residents, total personal income (from all sources) compares favorably to the figures for the State as a whole. Per capita personal income for the Cape and Islands is $34,932, 98 percent of the statewide average of $35,527. Per capita income is significantly higher on Nantucket, at $46,354.

[1] Clyde Barrow. "Cape Cod and the Islands: More than a Resort Economy", *Massachusetts Benchmarks* (Summer 2001).

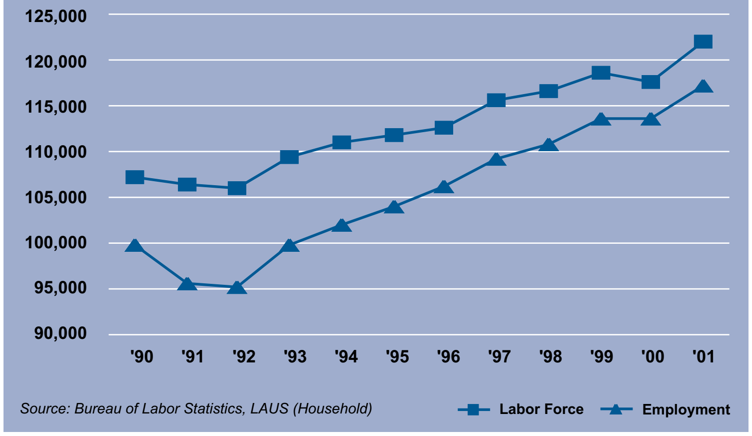
[2] The data in this section on the number of people employed, in the labor force, and unemployed are taken from the household survey. They will not match the employer-based data used in other sections that report the number of payroll jobs.

[3] Employment is measured here using the Bureau of Labor Statistics, ES-202 series, which are employer reports of payroll jobs rather than household-based measures of employed or unemployed people. As a result, the numbers will differ from employment figures based on the household survey presented in other sections of the document.

[4] The U.S. consumer price index (CPI) was used to adjust nominal wages for the effects of inflation.

figure 8–1

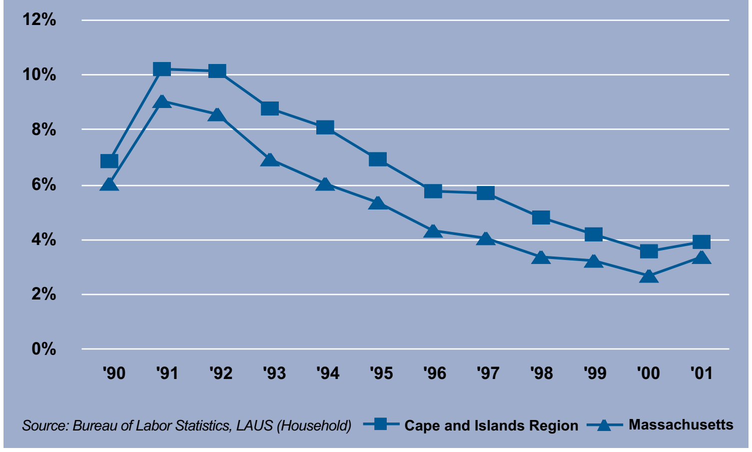
Cape and Islands Region Labor Force and Employment



Source: Bureau of Labor Statistics, LAUS (Household)

figure 8–2

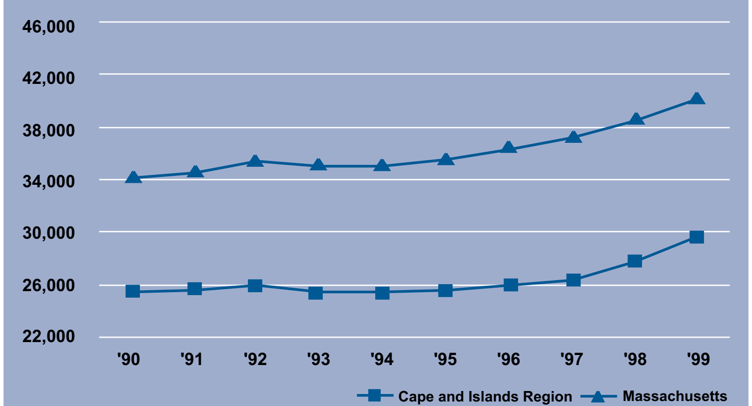
Cape and Islands Region Unemployment Rate



Source: Bureau of Labor Statistics, LAUS (Household)

figure 8–3

Cape and Islands Region Average Real Wages



Source: MA Division of Employment and Training, ES-202 figure 8–4

Cape and Islands Region Employment by Major Industry

	1993	2000	Percent of 2000 Total	Change 93-00
Agriculture, Forestry, Fishing, and Mining	1,207	2,058	2.2	70.5%
Construction	3,538	5,981	6.4	69.1%
Manufacturing	3,167	3,550	3.8	12.1%
Transportation and Public Utilities	4,287	4,895	5.2	14.2%
Wholesale Trade	1,645	2,581	2.7	56.9%
Retail Trade	22,292	28,207	30.0	26.5%
Finance, Insurance, and Real Estate	3,855	4,490	4.8	16.5%
Services	27,789	36,753	39.1	32.3%
Government	3,824	5,470	5.8	43.0%
Total	**71,604**	**93,985**	**100.0**	**31.3%**

Source: Division of Employment and Training, ES-202

figure 8–5

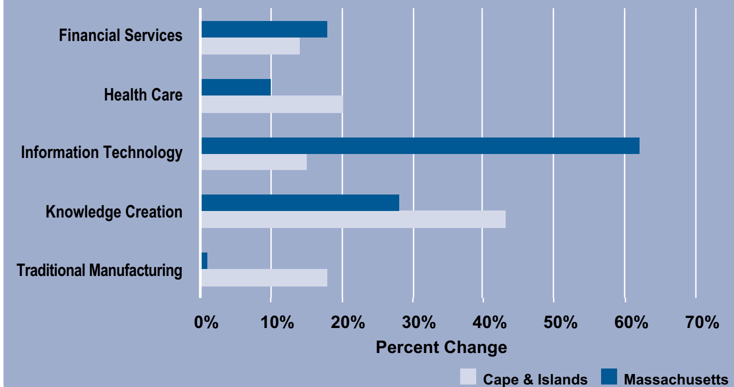
Cape and Islands Top 5 Industries, by Employment

1993 Sector	Persons	2000 Sector	Persons
Health Services	8,518	Eating and Drinking Places	10,470
Eating and Drinking Places	6,203	Health Services	10,161
Educational Services	8,168	Educational Services	8,042
Food Stores	2,078	Miscellaneous Retail	4,988
Miscellaneous Retail	1,864	Food Stores	4,826

Source: MA Division of Employment and Training

figure 8–6

Employment Change in the Commonwealth's Export Clusters: Cape and Islands Region, 1993 to 2000



Source: Forrant et al., "Knowledge Sector Powerhouse." University of Massachusetts Donahue Institute. 2001.

Employment by Major Industry Sector

The three largest employers in the Region are services, retail trade, and construction. During the expansion from 1993 to 2000, job growth in agriculture, construction, and government was significantly stronger than in other industries (see figure 8-4).

Figure 8-5 lists the Regions largest industries, in terms of employment. Most of these industries are in the service and retail trade sectors of the economy.

The Cape and Islands Region Export Sector

As explained in Chapter 2, a healthy export sector is critical to a region's economic success. The sidebar in that Chapter on "The Massachusetts Export Sector" presented six large industry clusters as the key components of the Commonwealth's export sector. These clusters were identified in earlier State policy documents and studies, specifically *Choosing to Compete*[5] and the more recent *Knowledge Sector Powerhouse*[6]. They include four Knowledge-based clusters – Information Technology, Health Care, Financial Services, and Knowledge Creation. They also include two clusters that are less knowledge intensive: Travel and Tourism, and "Traditional Manufacturing," manufacturing industries, such as paper, plastics and rubber, metalworking, and machinery, that are not part of the Information Technology or Health Care clusters. The discussion below uses this framework to explore the Cape & Islands Region's export sector.

Figure 8-6 shows export cluster growth in the Region, as compared to Massachusetts. When interpreting the results of our analysis, please note that the employment figures reported for these large industry clusters are not meant to represent export sector jobs. The Health Care cluster, for example, includes physicians serving the local population. A finer picture of the composition of the Region's export sector, and the extent to which it has become part of the wider knowledge-based economy, is developed in the discussions that follow.

In 2000, the four knowledge-intensive export clusters (Knowledge Creation, Information Technology, Health Care, and Financial Services) accounted for less than 25% of the total employment in the Cape and Islands.

Critical Industries of the Cape & Islands Region

A review of five critical industries provides a more comprehensive analysis of the Region's economy. These industries shown in figure 8-7, account for large shares of the Region's employment and wages.

The Resort Industry Cluster

The Resort Industry Cluster is by far the largest component of the Region's export base. An estimated six million visitors come to the Cape and Islands each year – largely from Massachusetts, New England, and Mid-Atlantic states – and they spend nearly $1 billion annually.[7] While the Region's year-round economy has grown significantly over the last decade, the resort industry remains highly seasonal. Room demand on the Cape alone declines by 50,000 to 100,000 rooms per month from the peak summer months to the industry's winter trough. The industry is also highly sensitive to factors such as weather and the economic condition of other regions and states that fuel its tourist trade.[8]

The resort industry is defined as including eight major industry groups: general merchandise stores, food stores, apparel and accessories, eating and drinking places, miscellaneous retail, hotels and other lodging places, amusement and recreation services, and museums.[9] The cluster accounted for 21.0 percent of regional employment or 21,297 jobs in 2000. Adding effect of indirect and induced impacts, the resort industry generated approximately 40 percent of its total employment. While employment grew 12 percent over the expansion years since 1993, its overall share of employment declined from 24.2 percent. While this decline highlights growing diversification, the resort industry is expected to remain at the core of the Cape and Islands economy. The activities that showed significant net gains over this period were amusement and recreation services (+41.0 percent or 557 jobs) and miscellaneous retail (+29.1 percent or 844 jobs).

The average annual wage in the Cluster is $18,793, significantly lower than the regional average of $29,631. Real wages, nevertheless, increased by 17.7 percent between 1993 and 2000.

Construction

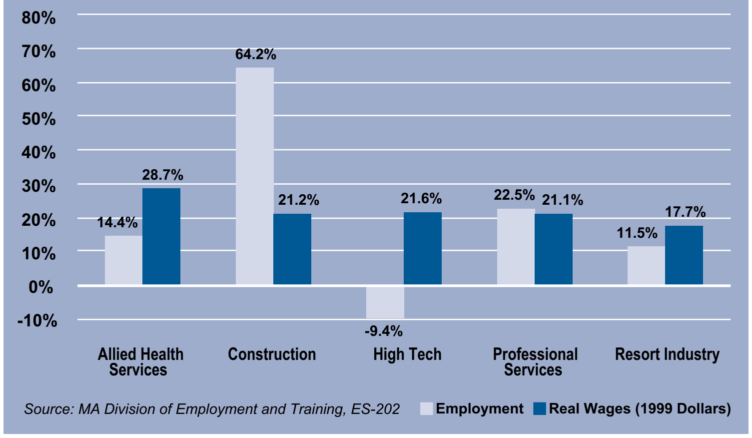
The construction industry[10] accounted for 7.2 percent of jobs in 2000, an increase from 64.2 percent at the beginning of the expansion in 1993. The industry is cyclical with employment growth highly sensitive to the overall health of the economy. It is not clear what share of recent employment gains is cyclical as opposed to permanent, long-term growth. There is also a question of whether construction will remain a critical industry as the Cape and Islands Region reaches its "build-out" limit (see figure 8.7).

High Technology

The high technology cluster consists of five major industry groups: industrial and commercial machinery (including computers), electronic and other electrical equipment, measuring and analyzing equipment, communications, and drugs. The cluster accounted for nearly 2,000 jobs in 1993, 2.5 percent of the region's total. But high tech manufacturing shed jobs throughout the nation in the 1990s, and this was also the case in the Region. Employment fell by 9.4 percent and the cluster's share of the region's total decreased to 1.7 percent (see figure 8-7). Many of the jobs are concentrated in a small number of firms, with communications accounting for more than 40 percent of the total.

figure 8–7

Cape and Islands Region: Employment and Real Wage Change in Critical Industries, 1993 to 2000



Source: MA Division of Employment and Training, ES-202

Average annual wages in the industry are well above the regional and State averages at $46,475 in 2000 and increased, after inflation, 21.1 percent over the 1993-2000 expansion.

Professional Services

Professional services consists of five major groups: legal services, engineering, accounting, research, management, advertising, computer programming and data processing, and educational services. This cluster accounted for 11.9 percent of the Region's employment in 2000, a decrease from 12.5 percent in 1993. Total employment in the industry increased 22.5 percent between 1993 and 2000 (see figure 8-7 on previous page). Employment gains are being fueled by engineering, accounting, and research (+817 jobs)

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[5] Massachusetts Executive Office of Economic Affairs and the University of Massachusetts, (Boston, 1993).

[6] Robert Forrant, Philip Moss, and Chris Tilly, (Boston: UMass Donahue Institute, 2001).

[7] ArtsMarket Consulting, Inc., *Tourism Market Study Analysis: Visitors to Cape Cod* (Barnstable, Mass.: Cape Cod Chamber of Commerce and Cape Cod Times, 1995); Commonwealth of Massachusetts, *Convention and Public Assembly Facilities Market and Feasibility Study: Cape Cod Region* (Boston: Executive Office of Administration and Finance, 1998).

[8] Hunter Interests, Inc., *Economic Analysis: Cape Cod Tourism Expansion Strategy.* Barnstable, Mass.: Cape Cod Economic Development Council, 1996.

[9] In calculating the direct economic impacts of the resort industry, it is estimated that 35 percent of total annual average employment in general merchandise, apparel and accessories, and food stores is tourist-related based on summer sales figures shared with the principal investigators. It is estimated that 75 percent of total annual average employment in miscellaneous retail and eating and drinking establishments is tourist-related. It is estimated that 100 percent of total annual average employment in amusement and recreation, museums, and lodging establishments is tourist-related.

[10] The construction industry consists of general building contractors, heavy construction, special trade contractors.

and computer programming (+262 jobs). The engineering, accounting, research and management consulting industry accounts for the highest level of employment (3,139), followed by educational services (972), computer programming (767), legal services (653), and advertising (87).

Average annual wages in professional services are $38,527, which is 21.1 percent higher than inflation-adjusted pay in 1993.

Health Services

Health services[11] account for 10.0 percent of jobs, a decline from 11.3 percent in 1993. The average annual wage is $38,540, which is higher than the Region's annual average wage of $29,631. This compares to an annual average wage of $26,293 in 1993. Real wages have increased by 28.7 percent over this period. Population growth, particularly among retirees, and the availability of Medicare and Medicaid reimbursements for services to the elderly and low-income residents have supported growth in this industry during much of the 1990s. However, government cutbacks in reimbursements and fee caps, as well as cost controls implemented by HMO's, hospitals, and nursing homes are now constraining employment and wage growth in this industry.

Demographics

Population

The Region has a population of 246,737. This reflects a 20.8 percent increase during the 1990s, the largest gain in the Commonwealth. Retirees and commuters to the South Shore and Boston fueled much of this growth, which is placing increasing pressure on its existing infrastructure and environment. Nantucket had the highest rate of population growth (58.3 percent), followed by Martha's Vineyard (28.8 percent), and Barnstable County (19.1 percent).

figure 8–8

Cape & Islands Region Demographic Summary

	Cape & Islands			MA		
	1990	2000	Change	1990	2000	Change
Total population	204,256	246,737	20.8%	6,016,425	6,349,097	5.5%
Age (share of total)						
Under 18	21.1%	20.5%	-0.6%	22.5%	23.6%	1.1%
19-24	7.4%	5.3%	-2.0%	11.8%	9.1%	-2.7%
25 to 44	30.2%	25.9%	-4.3%	33.6%	31.3%	-2.2%
45 to 64	19.9%	26.2%	6.3%	18.5%	22.4%	3.8%
65 and over	21.4%	22.1%	0.6%	13.6%	13.5%	-0.1%
Race/Ethnicity (share of total)						
White	96.1%	93.8%	-2.3%	89.8%	84.5%	-5.3%
Black	1.6%	2.1%	0.5%	5.0%	5.4%	0.4%
Asian	0.5%	0.6%	0.1%	2.4%	3.8%	1.4%
Other race	1.8%	1.8%	0.0%	2.8%	4.0%	1.2%
Two or more races*	na	1.8%	na	na	2.3%	na
Hispanic (of any race)	1.2%	1.4%	0.2%	4.8%	6.8%	2.0%

* = The category of persons with two or more races did not exist in the 1990 Census.

Source: Census Bureau, Census 2002

Resident Age Distribution

As the Region is home to a large number of retirees, the median age of the region's residents (44.3 years) is the highest in the Commonwealth and significantly higher than the median age in the State (36.6 years). The percentage of Cape and Islands residents who are aged 19 to 64, the years when most people are in the full-time workforce, is 57.4 percent. This compares to a statewide average of 62.8 percent (see figure 8-8).

More than 90 percent of Cape and Islands residents are White. This compares to 84.5 percent statewide. At 5,117, Black residents represent largest ethnic minority in the Region.[12]

The Region has a more educated population than the State as a whole. This may be attributed to its large retirement community. Nearly 90 percent of all Cape and Islands residents have high school diplomas, compared to 80 percent for the State. Cape and Islands residents are slightly more likely to have bachelor's degrees or higher – 28.4 percent versus 27.2 percent statewide.

Housing

The supply of moderately-priced housing for year-round Cape and Islands residents and seasonal workers is shrinking. The average home price for the Region in 2000 was $208,771, compared to $205,312 for the State (see figure 8-9). This represents an increase of 68.3 percent since 1996, compared to a 47.7 percent gain for the Commonwealth. The average home price is 36.9 percent below the Boston average ($281,051).

The Cape and Islands Region continues to attract an influx of comparatively affluent commuters to Falmouth, Sandwich, and Mashpee. This demand serves to drive up prices and create serious affordability issues for many long-term residents who work on the Cape. A similar dynamic is at work on the Islands, as seasonal residents purchase summer and retirement homes.

The percentage of owner-occupied homes has decreased significantly in the past decade. In 1990, 71.9 percent of homes were owner-occupied. This fell to 47.2 percent in 2000, as high rental income encouraged homeowners to rent, rather than occupy, their homes (see figure 8-10). New construction of seasonal second homes is also on the rise.

More than one-third of the Cape's housing is for seasonal, recreational, or occasional use (see figure 8-11). This demand leaves a relatively smaller share of the Region's housing stock available to year-round residents.

Regional Strengths and Competitive Advantages

The Cape and Islands Region has many strengths and competitive advantages, including an attractive quality of life, focused land use and economic development planning, high educational attainment levels, and skilled retirees.

Quality of life. The Region's natural environment, quality school systems, low crime rate, climate, and location afford its residents a high quality of life. Its ecosystem, defined by pristine beaches, beautiful oceans and bays, quaint villages, and a diverse mix of plant and animal life, is fragile. While geography makes it relatively remote, it is still close to major population centers.

Environmental factors are key to attracting tourists and retirees. A location on the water also presents opportunities for expanding research in aquaculture, environmental science, marine science, and sport fishing. For example, the Woods Hole Oceanographic Institute is the largest independent ocean-ographic institute in the world. Aquaculture is also a burgeoning industry, although success has been hampered by local environmental regulations.

Land use and economic development planning. The Cape and Islands is the only Region in the State with regional planning agencies exercising genuine controls over land use and development. The Cape Cod Commission and the Martha's Vineyard Commission were created to ensure a balance between sustainable economic development and the environment. To preserve its quality of life for residents and tourists, the preservation of historical and natural attractiveness dominates land use and economic development planning.

Educational attainment. The Region's relatively high level of educational attainment provides an opportunity to develop emerging industries in high-technology areas such as marine technology, software engineering, and environmental technology. Economic development plans emphasize a balance of economic redevelopment, historic preservation, and environmental conservation.[13] As a result, economic development officers are seeking "light-clean" industries, such as high technology, professional services, and communications firms.

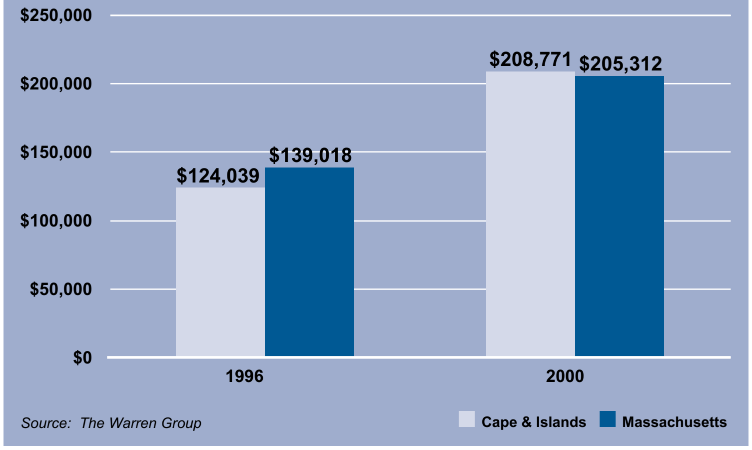
Skilled retirees. Retirees make up roughly one-fourth of the Cape and Islands population, a proportion which increases each year. It is estimated that this group of year-round and seasonal residents now comprise 11.9 percent of the Cape's seasonal workforce.[14] Many of

[11]Health services include hospitals, nursing homes, home care providers, health maintenance organizations, medical laboratories, rehabilitation facilities, group medical practices, and individual practitioners.

[12]Data on race and ethnicity must be used with caution. Please see the Introduction to Part II.

figure 8–9

Cape & Islands Region Average House Prices



Source: *The Warren Group*

figure 8–10

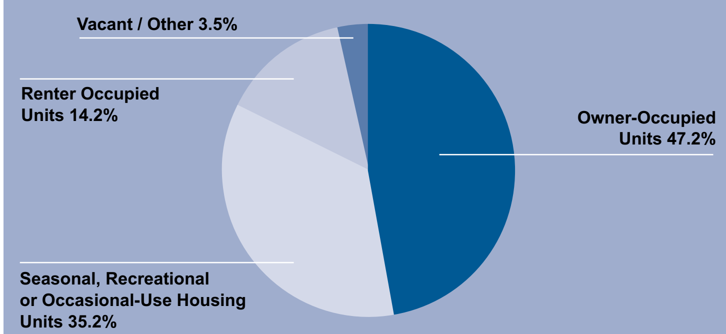
Cape and Islands Region Home Ownership

	1990	2000	Difference
Cape and Islands Region	71.9%	47.2%	-24.7%
Massachusetts	59.5%	57.5%	-2.0%
% Over/Under State	12.4%	-10.4%	-22.7%

Source: *Census Bureau, Census 2002*

figure 8–11

Cape and Islands Region Housing Supply



Source: *Census Bureau, Census 2002*

these retirees possess skills and experience that can benefit the regional economy, especially in the areas of high-tech and professional services. The key is for the Region to develop strategies that take full advantage of the workforce skills of this population.

Educational institutions. The Region benefits from having a two-year community college and the specialized programs at the Massachusetts Maritime Academy and Woods Hole Oceanographic Institute that attract many skilled individuals. Graduates of these programs often establish businesses in the Region.

Challenges to Future Growth

The Region faces several challenges, particularly balancing the environment with economic growth, land availability for business growth, traffic and lack of public transportation, housing affordability, Internet access, and seasonal labor shortages.

Protecting the environment. While tourist and seasonal resident spending is vital to the Cape and Islands economy, the growing number of tourists also threatens its fragile environment. Thus, much regional planning is focused on balancing economic growth with environmental preservation. Economic development planners consequently emphasize the recruitment and development of light-clean industries, such as high-technology firms. These types of industries generally provide high-wage jobs while having less impact on the environment than traditional manufacturing. While tourism will remain the region's economic base, attracting other types of industries will help diversify the economy, making it less susceptible to economic downturns in the tourist industry brought on by bad weather or adverse economic factors.

Land availability. Because much of the region's land is already developed or set aside for open space, agricultural, or other non-developable uses, there is not much land available for business development. The Cape Cod Commission has addressed this issue by introducing the concept of growth activity centers, which encourages intensive development in areas that already have adequate infrastructure and are currently underutilized.

Location and isolation. While the Region's isolation lends to its attraction as a tourist destination, it is a hindrance in attracting other types of businesses. The transportation infrastructure does not facilitate the easy movement of workers and goods within the Region or to off-Cape destinations. The isolation of Martha's Vineyard and Nantucket is even greater, with goods having to be shipped or flown to these destinations.

Transportation infrastructure. With population increases and success in lengthening the "shoulder seasons" in the resort industry, the Cape's traffic congestion is becoming a year-round problem. About 35 million vehicles cross the Cape Cod Canal annually, a figure that has doubled since 1976.[15] Many of the Region's bridges and roads are in need of repair and eventually will need to be replaced.

The public transportation network on the Cape is neither well-developed nor particularly extensive, which makes it difficult for some workers – especially foreign temporary workers –to get to their jobs.

Housing affordability. As housing costs rise and availability declines, affordable housing is no longer a "low-income" problem. Housing prices are having an impact on wage levels, which drive prices in the tourist industry in an upward spiral.

The Cape's growing reliance on J1 (foreign student) and H2B (foreign temporary) workers has also made housing availability and costs salient to employers. The H2B program and many foreign university work-abroad programs require employers to arrange and guarantee housing for prospective employees and interns. A survey found that 27.2 percent of the Cape's resort industry employers currently provide housing or a housing subsidy for seasonal employees.

Retaining skilled workers. The lack of affordable housing is creating an environment where employers are having difficulty recruiting and retaining employees. Many employees outside the Region are reluctant to fill job vacancies because of high housing costs. College graduates who grew up here would like to return for work, but often cannot afford to do so.

Seasonal labor shortages. There is an acute shortage of unskilled and semi-skilled seasonal workers in the resort industry. During summer and early fall, Cape Cod is reaching or exceeding full employment. However, unlike most other parts of the State, its labor shortage is mainly among unskilled and semi-skilled seasonal workers. While a portion of the labor shortage can be attributed to low unemployment, housing and rental costs are creating major difficulties for employers to recruit seasonal workers.

There are concerns about how the Region can continue to maintain its lengthening tourist season without a steady supply of seasonal workers. This problem is especially acute on the Islands, where rents are very high and housing availability is slim.

Workforce skills, education, and training. As in many areas of the State, workers and potential workers in the Cape and Islands Region suffer from basic skills deficits, especially in the areas of Math and English. This makes it difficult for individuals to compete in the economy and for the region to attract technical and professional businesses. While the Region has higher educational attainment levels than the State as a whole, there is a concern that some of its year-round residents do not have the skills to meet the needs of local employers.

Spending increases mandated by the Education Reform Act of 1993 have not kept pace with rising enrollments and costs. While enrollments and mandated spending increases grow, property tax increases are constrained under Proposition 2 1/2. Many communities are in the position of having to provide services to a growing population of students at a time of budget shortfalls. These shortfalls have limited the ability of some school districts to institute or expand needed programs.

Telecommunications infrastructure. Many businesses and organizations need access to advanced communications networks. The Woods Hole Oceanographic Institute and spin-offs in the marine sciences and other high tech industries are critical examples. The Region, however, currently has limited affordable high-speed Internet access.

Wastewater treatment. Cape Cod and the Islands are continually faced with water and sewer infrastructure concerns, as the area experiences rapid growth in environmentally-sensitive areas. These concerns are exacerbated by the fact that the Cape is served by a single-source aquifer. The shallowness of this water source makes it especially vulnerable to contamination. Adding to this risk is the fact that 87 percent of the region's housing uses septic systems. The increasing population density on the Cape is causing septic seepage into water systems, including inland water, bays, and estuaries.

Regional identity. There is a perception that the State does not understand the needs of the Cape and Islands. The Region has not developed an identity that unites the voices of individual communities, focuses the attention of State policymakers, and assures State legislators that in supporting the region they are meeting the needs of a substantial constituency. However, such a strategy must be balanced against the need to maintain the village identities of the Region's communities.

Regional Policy Priorities

Expanding tourism shoulder seasons. The Region has significant excess capacity in off-peak spring and fall shoulder seasons. The Cape Cod Chamber of Commerce is aggressively pursuing initiatives to expand visitation. Initiatives include attempts to attract small conferences and visitors for getaway weekends from nearby metropolitan areas.[16]

Transportation infrastructure. The Region must continue current work on the transportation infrastructure and consider expanding that work to areas in which further transportation improvements can significantly aid economic development. The Cape Cod Commission and the Cape Cod Metropolitan Planning Organization recently have begun studying the Region's transportation needs, including bridges. It is clear that transportation improvements or new options will be needed. Additionally, the Region needs to develop an efficient public transportation system to alleviate traffic congestion.

Wastewater treatment. As part of its economic development strategy, the Region is seeking to make zoning changes that will allow for dense urban-area clusters and allow residential housing above commercial buildings. Density can only occur, however, with adequate wastewater treatment facilities. The region needs a strategic solution to wastewater treatment, and it will need financial assistance in building treatment facilities.

Public-private networks. The Cape and Islands economy has long been distinguished from other regions of the State by its reliance on small businesses and proprietorships. Public-private networks that enhance the competitiveness of small businesses are needed. These networks can facilitate access to State resources that allow them to expand and remain here. Many businesses are not aware of the types of assistance that are available from the State.

The State should also encourage the investment of venture capital in the Region and/or establish a privately managed seed venture capital fund to support the development of emerging and entrepreneurial industries. Another way that the State can help smaller businesses is to offer more on-line services to businesses and to promote the development of on-line services at the local level.

Communications infrastructure. Due to environmental concerns, Cape Cod has focused much of its job creation strategy on attracting light, clean industries – exactly the industries that require an advanced information infrastructure. Unfortunately, there is limited access to affordable high-speed Internet services. The Cape Cod Technology Council, the Cape Cod Chamber of Commerce, the Massachusetts Technology Collaborative, and the Cape Cod

[13]Cape Cod Commission, Cape Cod Regional Policy Plan (Barnstable, Mass., 1996); Victor Gautam, "Cape Cod and the Islands: Working Toward a Sustainable Year-Round Economy," Massachusetts Benchmarks (Winter 1999): 19-23.

[14]Barrow, Clyde W. and David Borges. Help! Wanted–Cape Cod's Seasonal Workforce. Cape Cod Commission. October 2000.

[15]Cape Cod Transit Task Force, 2001

[16] Michael J. Gill & Associates 1984; Commonwealth of Massachusetts 1994.

Economic Development Council are beginning to address this need by collaborating to upgrade the Region's telecommunications infrastructure through "Cape Cod Connect."

Expand resources for higher education. There is very little technology transfer occurring in the Cape and Islands Region. The Woods Hole Oceanographic Institute provides specialized training in many emerging fields. Yet beyond the Massachusetts Maritime Academy, there is no four-year college or university in the Region. While it is ripe for development in several high-tech areas, including marine sciences, environmental sciences, and software development, there are very few avenues for enhancing technology-based economic development.

Small businesses rarely have the resources to keep abreast of best-practice methods of production and management, and consequently do not take full advantage of available technologies. The Region lacks a major research university that could help local businesses access these resources.

Workforce development. The Region and the State must continue to work together to provide a career education system that links K–12 education, higher education, and workforce development with employment to achieve a workforce that is prepared for new business challenges. As is the case across the State, many students and workers in the Cape and Islands Region suffer from a basic skills deficiency.

Public schools, especially vocational schools, need to develop programs that address the needs of employers and the entrepreneurial economy. Not all high school graduates will go on to college, and thus it is important to "match" the skills of these graduates with business needs. The skills being taught in the schools should mirror the needs of the economy.

Finally, worker preparedness is an important issue. This includes getting to work on time, dressing appropriately, and having good interpersonal skills. This is especially important considering the prevalence of the Region's hospitality industry. State agencies, workforce investment boards, institutions of higher education, and businesses must cooperate in creating workforce development programs that meet the needs of both workers and employers. Workforce investment boards must be adequately funded by the State for workforce development efforts to be effective.

Linking the Regions Policy Priorities to Potential Solutions

Part 3 provides a variety of policy options that can help address the Region's economic development priorities. Figure 8-12 shows where to find relevant options.

figure 8–12

Cape & Islands–Policy Options for Regional Priorities

Policy Priority	Policy Options, Under Desired Outcomes in Part III
Expanding shoulder seasons	See "Strong export industry clusters throughout Massachusetts," pg .118.
Transportation infrastructure	See "Massachusetts is a leader in implementing development strategies that provide a quality of life," pg. 128.
Wastewater treatment	See "Massachusetts is a leader in implementing development strategies that provide a quality of life," pg. 128.
Public-private networks	See "Massachusetts is a leader in implementing development strategies that provide a quality of life," pg. 128.
Communications infrastructure	See "Access to affordable, competitive broadband options throughout the Commonwealth," pg. 126.
Expanded resources for higher education	See "A strengthened technological innovation infrastructure, pg. 121. See "Worker skills match the needs of business and the competitive environment," pg. 124.
Workforce development	See "Worker skills match the needs of business and the competitive environment," pg. 124. See "Our firms have access to the talent they need to succeed," pg. 123.